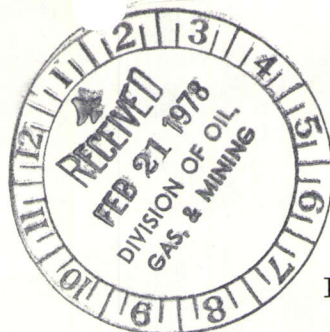


**Rio Algom**  
**Rio Tinto**

ACT/037/001

PLEASE REPLY TO Toronto OFFICE

February 14, 1978.

Mr. Ronald W. Daniels,  
Coordinator of Mined Land  
Development,  
State of Utah,  
Department of Natural Resources,  
Division of Oil, Gas, and Mining,  
1588 West North Temple,  
Salt Lake City, Utah 84116.

Dear Mr. Daniels:

I am forwarding to you herewith copies of the revised Mined Lands Reclamation Agreement (Escrow) and the Escrow Agreement, both of which were sent to you today by telecopier. These agreements follow the same form as those which you originally sent to me. The revisions which I have made are to provide for such things as allowance for interest credit, disbursement of funds after work has been completed and authority to the Operator to direct investment of escrow funds within prescribed limitations. I have not marked all the changes which were made in the revised agreements, but I think they will be quite apparent to you.

Because of the time limitation imposed on us by our Source Materials License, I request that these agreements be submitted to the Board for approval as soon as possible. In the meantime, if you have any comments on the agreements, we would be pleased to hear from you. Also, Mr. Scarano has said that he would like to see the agreements and to have his legal department examine them before they are finalized and signed. Perhaps you would be good enough to forward copies to him when you are satisfied that we are close to agreement as to content.


Unfortunately the new estimates which were prepared to cover the new reclamation plan were not sent to you by telecopy today, so I have enclosed a copy herewith. The basis for these new estimates is taken from your original estimates. The amounts of \$3,064,212.00 and

...2

February 14, 1978.

\$122,573.00 represent the total escalated estimated cost and the annual deposit respectively. These amounts will eventually be inserted in the appropriate blank spaces in the agreements.

Yours very truly,



J. G. Littlejohn.

JGL/ms

Encl.

c.c. R. Scarano.



"Surety Estimate"  
Inter-Office Memorandum

Attachment "one"  
FEB 14 1978  
File No. ....

To: P. F. Pullen  
From: K. C. Winckworth  
Subject: Lisbon Tailings Stabilization

Date February 14, 1978

- (1) Total Waste on Property. = 144,000 Cubic Yards  
(This includes 36,000 Cubic Yards  
from future footwall development.)
- (2) Waste Required (Spread Material) = 737,000 Cubic Yards  
for 7' cover.

This will be obtained as follows:-

- (a) 144,000 Cu Yds. on property @ \$0.50/Cu Yd. = \$72,000  
(b) 485,000 Bank Cu Yds. from external source  
@ \$1.50/Cu Yd. = \$727,500

Total \$799,500

Say \$800,000

(3)	<u>Costs</u>			
	<u>Operation</u>	<u>Amount</u>	<u>Rate</u>	<u>Cost</u>
A	<u>Clean Up</u>			
I	Removal of Structures & Equipment	1 Cat/80 Hrs.	\$50/Hr.	\$4,000
II	Removal of Trash and Debris	2 Trks/80 Hrs.	\$20/Hr.	\$3,200
III	Leveling of Ancillary Facilities Pads and Access Road	10Lbrs/80 Hrs.	\$10/Hr.	\$8,000
B	<u>Regrade and Recontouring Tailings Ponds</u>			
I	Earthwork including haulage of soil to tailings ponds	737,000 Cu Yds. (@ 7' Depth)	\$1.08/CuYd	\$800,000
II	Spreading soil and surfacing	1 Cat. for 700 Hours	\$50/Hr.	\$35,000



C Stabilization of Site

I	Soil Prep. Scarification and fertilization	Drag Chaining	60 Ac @ \$170/Ac = \$10,200
		Scarifying	60 Ac @ \$120/Ac = \$ 7,200
II	Seeding or planting	Seeding	60 Ac @ \$170/Ac = \$10,200
		Seed	70 Ac @ \$170/Ac = \$11,900
III	Construction of Terraces, Waterbars, etc.	Fertilization	60 Ac @ \$170/Ac = \$10,200
			<u>\$899,900</u>

D Inflation 25 Years @ 5% \$3,047,380

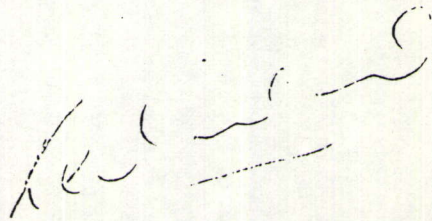
E Ditching Proposed New Ditch \$5,000

F New Total include Cost of New Ditch = \$904,900

Escalated 25 Years @ 5% = \$3,064,312

Note:- In Item (2) we are comparing bank yards with broken yards of material so (2) a) and (2) b) will not add up to 737,000 Cubic Yards of spread material.

KCW:ma





FEB 14 1978

To: P.F. Pullen

Date February 14, 1978

From: K.C. Winckworth

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KCW: ma